



HOUSING SNAPSHOT

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TOTAL EMPLOYMENT IN COLORADO SLIPS AT YEAR'S END

Total employment in Colorado fell again in December 2010 as the state lost another 14,000 jobs, compared to December 2009. Compared to the peak of the job market, which reached an employment total of 2.62 million in

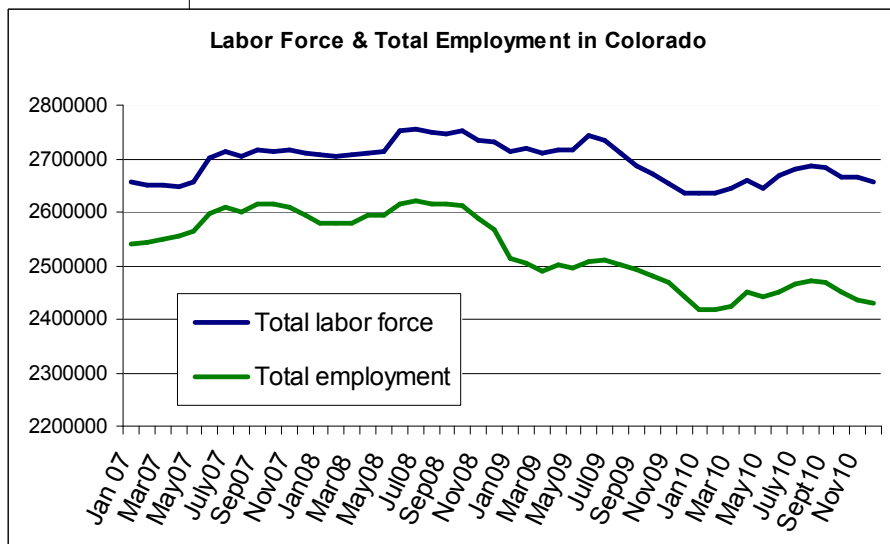
July 2008, the state is down by 192,000.

Employment totals and labor force totals are not seasonally adjusted.

The not-seasonally-adjusted unemployment rate finished the year at 8.6 percent, which was

up substantially from December 2009's unemployment rate of 7.3 percent. The unemployment rate was pushed up in recent months by workers who joined or rejoined the workforce, yet were unable to find employment. The total labor force remains down 99,000 workers from the peak levels of July 2008.

The labor surplus will continue to impact the demand for purchase housing while providing downward pressure on rents, although tighter vacancy rates across the state will likely lead to rent growth in spite of sluggish job growth.



DENVER-BOULDER-GREELEY AND REGIONAL CPI INCH UP. HOUSING FALLS.

In the "West" region of the United States, which includes Colorado, consumer prices rose 0.2 percent from November 2010 to December 2010, and rose 1.3 percent year over year from

December 2009 to December 2010.

According to the Mountain-Plains CPI Blue Card, Housing prices in the West rose

0.2 percent from November to December, but fell 0.2 percent year over year for December.

The largest year-over-year increases were

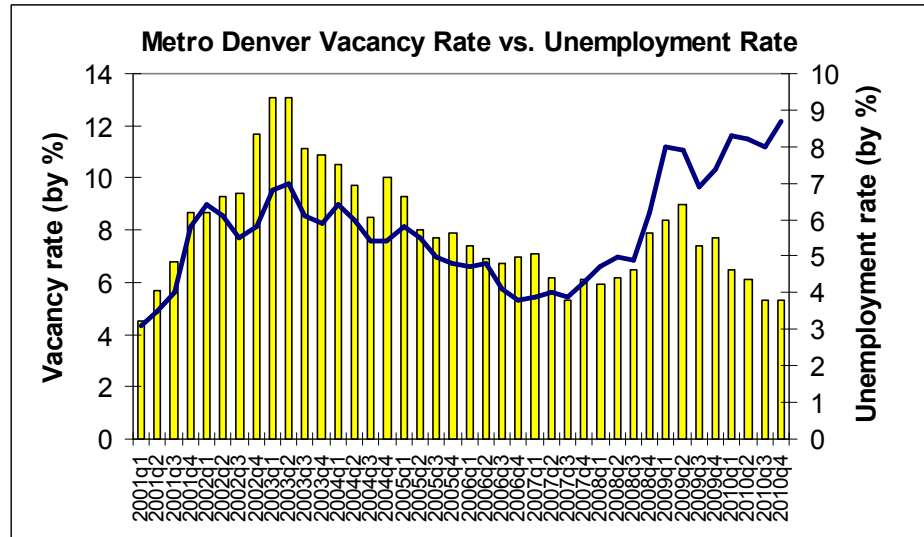
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RENTAL MARKET CONTINUES TO TIGHTEN ACROSS COLORADO

Vacancies in multifamily rental housing continued to tighten in 2010 and rents are poised for increases as new construction in multifamily rentals reaches new lows.

In spite of limited job growth (see page 1) the chart at right shows that the vacancy rate for multifamily rental units in the metro Denver area has continued to fall. Historically, there is often a correlation between unemployment and vacancy rates due to the effects of employment on household formation. In recent quarters, however, vacancies have fallen in spite of a rising unemployment rate.

The tightening market can be at least partially ex-



plained by surprisingly strong household formation in Colorado. As the chart below shows, household formation in the Denver metro area topped 15,000 in 2009, and is not likely to be significantly less in 2010. Generally speaking, with 15,000 new households, 3,000 multifamily units would need to be produced to keep up with demand. However, as can be seen below, the number of new multifamily rentals added to the market totaled less than 1,000

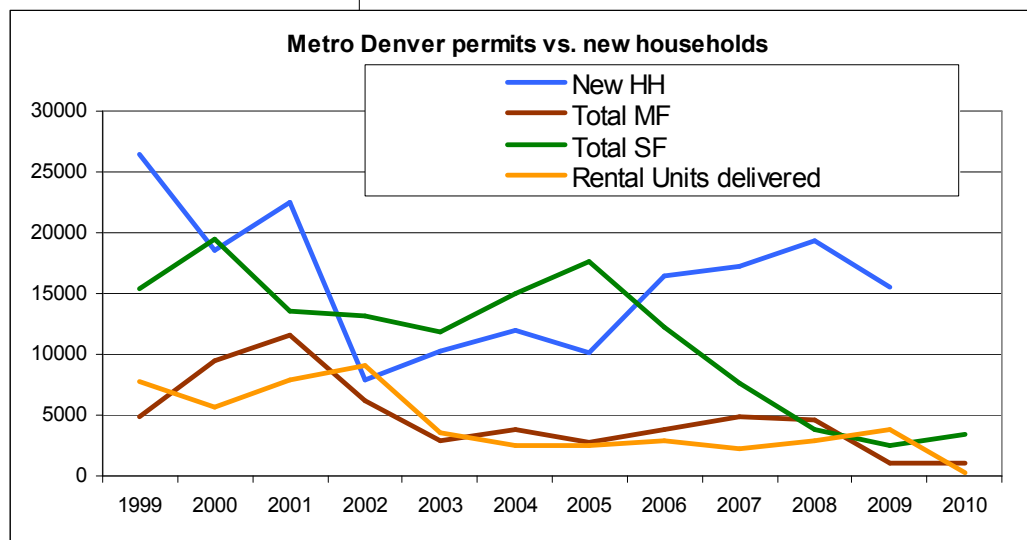
in both 2009 and 2010.

In both metro Denver and statewide, construction continues to lag demand due to a paucity of financing options for new multifamily projects.

Rent growth has also been lackluster over the past decade across the state when adjusted for inflation. Property owners predict that several quarters of sustained rent increases will be necessary before any substantial amount of new construction will be authorized.

Reflecting the same trends as have been seen in the Denver area, preliminary numbers for vacancy rates and median rent levels statewide also indicate continued tightening in many markets throughout Colorado.

Statewide vacancy and rent data will be released in February.



Vacancies in multifamily rental housing continued to tighten in 2010 and rents are poised for increases

HOME PRICES FALL AFTER EXPIRATION OF TAX CREDIT

Case-Shiller's home price index for the Denver area fell 1.2 percent from October to November, and fell 2.5 percent, year-over-year from December 2009 to December 2010.

According to the Case-Shiller data, released January 25 by Standard and Poor's, and containing data up through November, 13 of the 20 metro areas measured by the report showed larger declines than the Denver area.

In year over year comparisons for November, Atlanta showed the largest drop, with a decline of 7.9 percent, while the index in Chicago fell 7.6 percent. The index rose the most in Washington, DC, where it increased 3.5 percent, year over year. The index also rose 2.6 percent in San Diego.

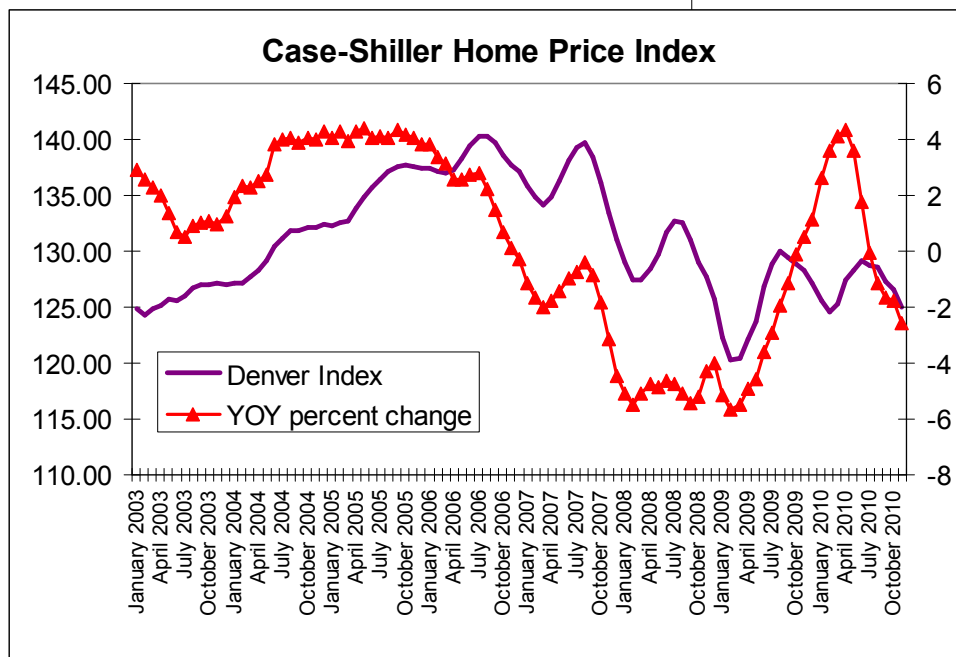
The chart at right shows trends in the Case-Shiller index for the Denver area plus percentage changes for year-over-year compari-

sons in each month. Since July 2010, the index has been less each month as compared to the same month in the previous year, as shown by the fact that the five most recent values on the red line have been below zero. Clearly, home prices have been weaker in the second half of 2010 if compared to the second half of 2009. This

is likely attributable at least in part, to the end of the homebuyer tax credit which had increased home purchase activity nationwide during 2009 and into early 2010.

Denver's index number itself is down 10.8 percent from the peak reached in August 2006.

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REGIONAL PRICES INCH UP, CONT. FROM PAGE 1

found in medical care and transportation which increased 3.0 percent and 4.7 percent, respectively.

The largest drops were in recreation and apparel, which fell 0.7 percent and 0.8 percent, respectively.

Transportation costs rose partially as a result

of a year over year rise in oil prices, with the Spot Oil Price (West Texas Intermediate) increasing from \$74 last December to \$89 during December of this year.

The CPI for the Denver-Boulder-Greeley area for the first half of 2010, released on August 13, showed the overall CPI for the area increasing

1.7 percent from the first half of 2009. The CPI for the second half of 2010 should be available in February.

Recent regional CPI indices indicate a recent (and modest) acceleration in price growth in recent months, reflecting increasing costs in commodities worldwide.



DOLA's Division of
Housing

1313 Sherman Street #500
Denver, CO 80203
Dola.colorado.gov/cdh



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The mission of the Colorado Division of Housing is to ensure that Coloradans live in safe, decent and affordable housing by helping communities meet their housing goals.

DOH is your partner in providing financial assistance and services that increase the availability of housing to residents of Colorado who can least afford it.

Next State Housing Board Meeting: February 8, 2011

Upcoming data releases:

Statewide annual foreclosure totals for all counties: February 8, 2011

Statewide vacancy and rent information: February 10, 2011

New Housing Mismatch report: March 2011

Housing Snapshot is written by Ryan McMaken

COMPLETED FORECLOSURES END YEAR UP BY 11 PERCENT IN METRO COUNTIES

Foreclosure filings in Colorado's metropolitan counties fell in December, falling 1.3 percent to 2,893 filings from November's total of 2,932. Filings also fell 21.3 percent year-over-year, dropping from December 2009's total of 3,674. The most recent fall in filings continues an overall trend in falling fore-

closure filings that has been generally maintained since the summer of 2009.

Foreclosure sales at auction, on the other hand, increased month-over-month but fell year-over-year. Foreclosure sales rose 12.3 percent, from November 2010's total of 1,195 sales to December's

total of 1,342 sales. Sales fell 19.2 percent from December 2009 to December 2010.

Foreclosure sales at auction, on a month-by-month basis, had generally been increasing since the Spring of 2009 in response to job losses, but as Bank of America, GMAC and other mortgage servicing companies began to suspend the foreclosure process on many loans in response to the so-called robo-signing controversy, foreclosure sales totals fell significantly in October, November and December.

It is unclear whether or not sales activity will climb in early 2011 or if sales totals will finally begin to fall in response to the downward trend in new filings. 